

Den norske stats oljeselskap a.s
CONDITIONS OF SALE
APPLICABLE TO NATURAL GAS LIQUIDS (NGL) SALES
CIF

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I DEFINITIONS

Except where the context otherwise indicates, the following terms shall have the meaning ascribed to them in this Paragraph I, and shall include singular as well as plural.

- a) "Affiliate" shall mean any company or corporation of the Seller or Buyer which owns directly or indirectly fifty (50) per cent or more of the shares carrying voting rights of such Party (Parent Company), and any company or corporation other than such Party of which such Parent Company or such Party owns directly or indirectly fifty (50) per cent or more of the shares carrying voting rights.
- b) "Agreement" shall mean the sales Agreement of which these Conditions of Sale form a part. Certain specific provisions agreed between Buyer and Seller form Part 1 of the Agreement and the Conditions of Sale form Part 2 of the Agreement.
- c) "Buyer" shall mean the Party specified in Part 1 as the buyer of the Product.
- d) "Cargo" shall mean any particular quantity of the Product loaded or to be loaded into a Vessel as set out in the Agreement and includes a full or Part Cargo.
- e) "Cargo Manifest" shall mean certificate of quantity, certificate of quality and certificate of origin when issued separately or issued as one certificate containing these three certificates at the Loading Terminal.
- f) "Commencement of Loading" shall, in respect of a Cargo, mean the final connection of the loading hose(s) or arm(s) to the Vessel's loading manifold prior to the loading of the Cargo.
- g) "Completion of Loading" shall, in respect of a Cargo, mean the final disconnection of loading hose(s) or arm(s) from the Vessel's loading manifold after the loading of the Cargo.
- h) "Commencement of Discharge" shall, in respect of a Cargo, mean the final connection of discharge hose(s) or arm(s) to the terminal receiving facilities prior to the discharge of the Cargo.
- i) "Completion of Discharge" shall, in respect of a Cargo, mean the final disconnection of the discharge hose(s) or arm(s) from the shore terminal receiving facilities following the discharge of the Cargo.
- j) "Day" shall mean a calendar day.
- k) "Discharge Port(s)" shall, in respect of a Cargo, mean the port(s), berth, terminal or other facility (including a vessel if Product is to be unloaded by 'ship-to-ship transfer') nominated by the Buyer and accepted by the Seller for discharge of such Cargo.
- l) "Dollars" or "USD" or "US Dollars" shall mean dollars of the United States of America.
- m) "Loading Terminal" shall mean the Kårstø Terminal or the Mongstad Refinery in Norway or the Teesside Terminal in UK or the Kalundborg refinery in Denmark or any other Loading Terminal(s) from which the Seller shall supply a Cargo.
- n) "Metric Ton" shall mean the unit of weight equal to one thousand (1000) kilograms.
- o) "Month" shall mean a calendar month.
- p) "Operator" shall mean the operator of the Loading Terminal on the bill of lading date.
- q) "Part Cargo" shall mean a Cargo which is,
 - i) loaded at more than one Loading Terminal or supplied by more than one supplier.
 - ii) discharged at more than one Discharge Port or received by more than one receiver.
 - iii) not occupying the full operational capacity of the Vessel.

- r) "Party" shall mean either the Seller or the Buyer.
- s) "Parties" shall mean the Seller and the Buyer jointly.
- t) "Product" shall mean the natural gas liquid(s) or petroleum product to be sold pursuant to the Agreement.
- u) "Quarter" shall mean the period of the three consecutive Months commencing on 1st January or 1st April or 1st July or 1st October.
- v) "Seller" shall mean the Party specified in Part 1 as the seller of the Product.
- w) "Vessel" shall mean the ship whether owned or chartered or otherwise obtained by the Seller and employed by the Seller to ship the Product to the Discharge Port.
- x) "Working Day" shall mean any Day in the country of loading in which business is normally carried out (ie excluding weekends and bank holidays).
- y) "Year" shall mean a calendar year commencing on 1st January.

II DELIVERY

The Product shall be delivered on board the Vessel for shipment in bulk to the Discharge Port.

III PROPERTY AND RISK

The property and risk in the Product shall pass to the Buyer as the Product passes the Vessel's first permanent hose/arm connection upon loading at the Loading Terminal.

IV INSURANCE

The Seller undertakes to procure and pay for insurance against marine risks to

- i. the invoice value of each Cargo, plus
- ii. ten (10) per cent hereof

The insurance shall operate from the shoretank at the Loading Terminal to the shoretank at the Discharge Port, unless the Cargo is delivered into lighters pursuant to Paragraph XIV hereof in which case the insurance terminate when the Cargo is delivered into such lighters, and cover "all risks" conditions, against civil risks as per Institute Cargo Clauses-A (English Institute Cargo clauses (A) of 1.1.82), including contamination and leakage and/or losses in weight, however caused, between bill of lading quantity and Discharge Port shoretank findings, with deductible 0.5%.

The benefit of the insurance shall accrue to the Buyer upon the passing of the risk and property to the Buyer according the Paragraph III.

V PRICE, CREDIT PERIOD AND CURRENCY

The price to be paid in respect of a Cargo, currency and credit period shall be as stated in Part 1 of the Agreement. In the absence of any other agreed credit period, the payment for each Cargo shall be due on the twentieth (20th) Day after the Day of Completion of Loading.

VI PAYMENT

- a) Payment for each Cargo shall be made with good value in immediately available funds within the due date as set forth in Part 1 of the Agreement by telegraphic transfer to the Seller's bank account, as from time to time advised by the Seller, on presentation of the Seller's commercial invoice (telex invoice acceptable) and bill of lading and usual shipping documents, or in the absence of such documents upon presentation of the Seller's Letter of Indemnity, as set out in Paragraph XVI, without deduction, discount, set off or counter-claim.
- b) If the Seller's bank and/or banks in the clearing centre of the currency in question are closed for business on the Day the payment is due, then the Buyer shall arrange for the payment to be made on the nearest Day to the due date when the Seller's bank and/or banks in the clearing centre of the currency in question is/are open for business. If the last preceding and next succeeding business Day are equally near, then payment shall be due on the former.
- c) The Buyer shall instruct its bank to advise the Seller's bank by Swift or tested telex quoting the value date of the transfer, the amount, invoice number and the clearing bank, if any. Such advice is to be sent in due time so as to enable the Seller's bank to credit the Seller with value on due date.
- d) Interest on overdue payments shall be paid for the period starting on and including the due date for payment as set forth in Part 1 of the Agreement and ending on but excluding the value date of the payment, on the basis of an annual rate corresponding to three (3) Month British Bankers Interest Settlement (BBAISR) (or such other interest rate as may be issued in replacement thereof) for USD (or if the payment is to be made in other currency than USD, for that other currency) as published by British Bankers Association (BBA) for the due date for payment plus three (3.00) percentage points.
- e) The Seller may, at any time before payment has been received by the Seller, require the Buyer to provide a stand-by letter of credit or a bank guarantee for payment of the Product, whichever the Seller may request. Each such stand-by letter of credit or bank guarantee shall be irrevocable, in an amount to cover one hundred and ten (110) per cent of the Seller's estimated value of the Cargo for which it is provided and shall be established in favour of the Seller and shall be confirmed irrevocably and unconditionally by a bank or banks to be approved by the Seller. The stand-by letter of credit shall be in a form acceptable to the Seller and meet the requirements set out in Appendix I hereto.
- f) If for any reason the loading of the Vessel will not take place within the period for loading referred to in the stand-by letter of credit or the bank guarantee, the Buyer shall either obtain an extension of the validity of such stand-by letter of credit or bank guarantee or provide a new stand-by letter of credit guarantee in terms acceptable to the Seller.
- g) All related banking fees, commissions and expenses whether of the Buyer or the Seller shall be for the account of the Buyer. If a stand-by letter of credit or a bank guarantee has not been provided as outlined herein, the Buyer shall be deemed in breach of the Agreement, and the Seller may without prejudice to any other rights or remedies at any time terminate the Agreement forthwith. Any cost and loss of the income incurred by the Seller due to the Buyer's failure to provide security of payment as outlined herein, shall be borne by the Buyer.
- h) If VAT or similar charges become payable by the Seller due to a requirement by national regulations, where the Cargo is delivered under the Agreement, the Seller shall invoice the Buyer for such VAT or similar charges, and the Buyer shall settle such invoiced amount in accordance with this Paragraph VI. If in this event the Seller required the Buyer to open a stand-by letter of credit or a bank guarantee in accordance with Paragraph VI e), such stand-by letter of credit or bank guarantee shall cover the VAT or similar charges in addition to the amount stipulated according to Paragraph VI e). The Buyer shall upon the Seller's request supply such information related to the Cargo as is required by the Seller in order to ensure a correct processing of charges.

VII QUALITY AND QUANTITY

- a) The Product shall be of a quality and a quantity as specified in Part 1 of the Agreement.
- b) The measurement of the quantity of the Product and the testing of the quality thereof shall be carried out at the Loading Terminal, in accordance with good standard practice at the Loading Terminal at the time of loading the Cargo.
- c) The Seller shall ensure that the Cargo Manifest is issued in accordance with good standard practice followed at the Loading Terminal at the time of loading the Cargo and that the Cargo Manifest is forthwith delivered to the Buyer. Save for fraud or manifest error, the said Cargo Manifest shall be conclusive and binding on both Parties. The figures of the certificate of quantity as stated in such Cargo Manifest shall be used by the Seller in the preparation of invoices and the Buyer shall be obliged to pay the invoiced amount based on such figures.
- d) The Seller shall have the right to appoint an independent inspector acceptable to both Parties at the Loading Terminal. The cost for such inspections shall be equally shared between the Parties. If agreement on appointing an independent inspector is not reached, either Party may nominate its own inspector at its own expense.
- e) Any claim as to shortage in quantity of the Cargo and/or defects in quality of the Product shall be made by written notice to the Seller immediately after such apparent shortage and/or defects are discovered with all details and supporting documentation necessary to evaluate the claim.

If a such formal written claim is not submitted to the Seller within sixty (60) Days after Completion of Discharge, the claim shall be deemed to have been waived.

- f) There are no guarantees or warranties, express or implied of merchantability, fitness, suitability for any particular purpose or use or otherwise which extend beyond the quality of the Product defined in Part 1 of the Agreement.

VIII CHARTER PARTY CONDITIONS

- a) The Seller may arrange shipment under bills of lading which may incorporate any of the charter party conditions normally in use for tankships.
- b) Without prejudice to the Buyer's obligations under Paragraph XIII, the Seller undertakes to settle freight and demurrage due to the shipowner.

IX BERTH AND DISCHARGE PORT

- a) The Buyer shall provide free of charge, including all wharfage, dockage and quay dues, to the Seller, a berth or berths, dock and anchorage including discharge facilities at Discharge Port at which the Vessel can safely reach and leave and at which the Vessel can berth and discharge always safely afloat.
- b) Any costs and risks (including but not limited to damages for delay) of shifting berth, unless for the Seller's or the Vessel's reasons, shall be for the account of the Buyer.
- c) The Seller shall ensure that the Vessel shall comply with all applicable regulations and rules of governmental, local and port authorities at the Discharge Port.

X ALTERNATIVE DISCHARGE PORT

- a) Where the Buyer exercises any Discharge Port options allowable in accordance with Part 1 of the Agreement, the price stated in Part 1 of the Agreement shall be adjusted by the freight

differential agreed in Part 1. If no such freight differential has been agreed then it shall be calculated in accordance with the charter party terms or, if the Vessel has not been voyage chartered, at such rate which shall be mutually agreed between the Parties in respect of such Discharge Port and provided always that any delays arising out of such failure to agree shall be for the Buyer's account.

- b) The Buyer shall be liable for and shall reimburse the Seller for any additional costs incurred by the Seller, included but not limited to deviation as well as detention costs and costs in respect of any additional bunker consumption.

XI NOMINATION OF SHIPMENT AND VESSEL ACCEPTANCE

- a) No later than forty (40) Days (for deliveries at the Teesside Terminal: sixty (60) Days) prior to each Month the Parties shall consult together in respect of the delivery programme for the Month in question. For the purpose of this Paragraph XI, Month B is the Month containing the ten (10) Days loading range, and Month A is the preceding Month.

- b) No later than five (5) Days (for deliveries at the Teesside Terminal: twenty five (25) Days) prior to the first working Day of Month A, the Buyer shall advise the Seller of the preferable ten (10) Day loading range for Month B, the quantity and Product to be delivered for Month B, and the Discharge Port.
Such ten (10) Days loading range shall be given as either the first (1st) to tenth (10th) Day or the eleventh (11th) to twentieth (20th) Day or the twenty first (21st) to last Day of the Month B. The nominated quantity and Product and Discharge Port must be as specified in Part 1 for the Agreement.

- c) The Seller shall advise the Buyer of any adjustments required in the loading range and quantity as soon as the necessary information is available.

- d) No later than the twentieth (20th) Day of Month A, the Seller will advise the Buyer of a provisional loading range in Month B.

- e) No later than eight (8) Days prior to Commencement of Loading, the Seller shall send a final nomination notice to the Buyer specifying;

- (i) Name of the Vessel.
- (ii) Quantity to be loaded.
- (iii) Final laydays the Loading Terminal and preliminary estimated time of arrival (ETA) at Discharge Port.

- f) No later than four (4) Working Days prior to the final laydays established in accordance with provision XI e (iii) above, the Buyer shall advise the Seller of documentation instructions. These must be compatible with procedures applicable to the Loading Terminal and acceptable to the Seller as being consistent with good business practice.

- g) The Seller shall arrange for the Vessel to notify the Buyer or its representative at Discharge Port of;

- (i) Completion of Loading.
- (ii) Bill of Lading figures.
- (iii) Forty eight (48) and twenty four (24) hours notice of ETA Discharge Port, and thereafter any variations of more than twelve (12) hours.

- h) The Parties recognise that the nomination procedures set out in the paragraph XI a) to XI g) above are based on the lifting provisions applicable to the Kårstø Terminal as set out in the Statpipe's Gas Terminal Kårstø - NGL Lifting Procedures (latest prevailing edition to apply, which may be amended from time to time). In the event that the lifting provisions applicable to the Kårstø Terminal are significantly changed, or the Parties have agreed that the Product will be supplied from a Loading Terminal to which lifting procedures apply which are

significantly different from those applicable to the Kårstø Terminal, then the nomination procedures applicable to the Agreement shall be adjusted accordingly.

- i) The Seller shall be entitled to substitute another Vessel of similar size and characteristics for any nominated Vessel, only after mutual consent of both Parties, not to be unreasonably withheld. The scheduled date of arrival of the substituted Vessel shall not, without prior written consent of the Buyer, which shall not be unreasonably withheld, differ from the latest accepted scheduled date for the Vessel previously nominated.
- j) Upon receipt of such nomination as specified in provision XI e, the Buyer shall notify the Seller of the final discharge instructions. Any change to the final Discharge Port so notified shall not be made without the Seller's prior written acceptance which shall not be unreasonably withheld and provided always that, such alternative Discharge Port is allowable pursuant to Part 1 of the Agreement and the charter party and the provisions of Paragraph X.
- k) Any changes in the quantity and date ranges of final loading date arising from production changes, weather, operational matters or any circumstances beyond the Seller's reasonable influence shall be notified to the Buyer without delay and shall be deemed to be accepted by the Buyer. Such modified quantity, date ranges and/or final loading date shall be applied respectively as nominated.
- l) Where a particular date is specified in the Agreement for the Buyer giving notice and nomination and such date falls on a Saturday, or a Sunday or on a local public holiday, such nominations must be received by the Seller by the last Working Day prior to the date specified. Furthermore, a nomination may be considered as invalid for all the purposes thereof if it is not received by the Seller by 16:00 local time on the Day or date specified in the Agreement for receipt of such nomination. The Seller shall not be liable for any loss or damage, direct or indirect, which the Buyer may suffer as a result of the Seller regarding a nomination to be invalid.

XII LAYTIME

- a) Laytime allowed to the Buyer at Discharge Port, Sundays and holidays included, shall be in accordance with Part 1 of the Agreement. If there is no agreement on laytime, it shall be one half of the total laytime allowed to the charterer under the relevant charter party, pro rata for Part Cargo. In the event that the charter party makes no stipulation as to the laytime allowed, the Buyer shall be entitled to such laytime which would be customary for such a size of the Cargo, pro rata for Part Cargo.
- b) Laytime shall commence, berth or no berth, six (6) hours after the Vessel's master or its representative has tendered to the Buyer or the Buyer's representative, notice of readiness to discharge, or when the Vessel is all fast - securely moored - at the berth, whichever is earlier.
- c) Notice of readiness shall be tendered upon arrival of the customary anchorage at the Discharge Port.
- d) Laytime shall cease upon Completion of Discharge.
- e) The Seller warrants that the Vessel is able to discharge the Cargo within the laytime provided shore facilities permit. All time lost as a result of the Vessel being unable to discharge the Cargo in accordance with the pumping warranty as stated in Paragraph XV, through fault of the Vessel, shall not count as laytime nor, if the Vessel is on demurrage as time on demurrage.
- f) Time spent by the Vessel on inward passage or in handling or shifting ballast, bilges, slops or bunkering unless carried out concurrently or time lost through any suspension of discharge due to fault or failure of the Vessel or for Vessel's purposes, shall not count against laytime.

- g) If the Vessel shifts berth for any reason other than a reason on the part of the Seller or the Vessel, then the time taken to shift berth shall count against laytime, or if Vessel is on demurrage, as demurrage.

XIII DEMURRAGE

- a) In the event that the laytime is exceeded, the Buyer shall pay to the Seller demurrage in respect of the excess time based on a sum agreed in Part 1 of the Agreement or if no demurrage rate is stated in Part 1 of the Agreement, on the Vessel's charter party demurrage rate per Day (or pro rata for part of a Day). In the absence of such rate the Parties shall obtain the appropriate demurrage rate for the size of the Vessel, type and capacity and voyage in question from the London Tanker Broker's Panel Limited which findings shall be final and binding on both Parties. The obtained demurrage rate shall be the one current on the date of Commencement of Loading.
- b) If demurrage is incurred directly attributable to adverse weather or sea state conditions or as a result of fire, explosion, strike, lockout, stoppage or restraint of labour or by breakdown or failure of machinery, plant or equipment at the Discharge Port (not in either case resulting from want of due diligence by the Buyer or its' consignee and always provided that the Vessel is not already on demurrage), the rate of demurrage shall be reduced by one-half per running hour or pro rata for part of an hour for demurrage thus incurred.
- c) For avoidance of doubt, Paragraph XX, Force Majeure, shall not apply to Paragraph XII and this Paragraph XIII.
- d) Payment of demurrage due shall be paid by the Buyer to the Seller no later than thirty (30) Days after the Seller's invoicing supported by appropriate documentation is received by the Buyer. In the event that payment has not been made within due date interest on overdue payment shall be calculated in accordance with Paragraph VI d).

XIV LIGHTERAGE

- a) Lightering or ship to ship transfer at the Discharge Port may only take place with the written consent of the Seller and, if any lightering or ship to ship transfer shall be undertaken at the request of the Buyer, the expense thereof shall be for the Buyer's account and all time used in such lightering or transfer together with all delay thereupon shall count against laytime, or if the Vessel is on demurrage, as demurrage.
- b) Except in relation to any lightering or ship to ship transfer carried out at the request of and for the purposes of the Seller, any lightering or transfer operation carried out shall be at the Buyer's risk and the Buyer shall be liable to the Seller in respect of any losses, costs, damages and proceedings arising therefrom and shall indemnify the Seller in respect thereof.

XV PUMPING

The Seller warrants that the Vessel shall discharge the entire full Cargo within the time allowed to the Buyer in the Agreement, if stipulated, or within the time allowed by Vessel's pumping capability.

XVI DOCUMENTS

- a) The Seller shall provide bills of lading and other usual shipping documents in accordance with instructions to be given by the Buyer in accordance with Paragraph XI (f).
- b) If such documents are not available to the Buyer when the Buyer shall pay for the Cargo, the Seller shall indemnify the Buyer in accordance with the following Letter of Indemnity:

Quote

LETTER OF INDEMNITY

We refer to a Cargo of metric tons of loaded on board the vessel at the port of on(Day and Month) ,(Year).

Although we have sold and transferred title to the said Cargo to you, we have been unable to provide you with the original bills of lading, Cargo Manifest and time sheet for the above Cargo.

In consideration of your paying to us USD being the full purchase price of the above Cargo, we hereby expressly warrant that we have marketable title to such product and that we have full right and authority to transfer such title to you and to effect delivery of the said product.

We agree to protect, indemnify and hold you harmless from and against any and all damages, costs, legal fees and other expenses which you may suffer from any breach of above warranties or from the fact that you are paying us the purchase price of the above Cargo without having in hand such original bills of lading and other shipping documents, including but not limited to, any claims or demands which may be made by any holder or transferee of any of the original bills of lading and other shipping documents or by any other third party claiming an interest in or lien on the Cargo or proceeds thereof.

We will make all reasonable efforts to obtain and surrender to you, as soon as possible, the original bills of lading and the other shipping documents referred to above and this Letter of Indemnity shall become null and void upon our tendering these documents to you.

Our obligation to indemnify you is subject to the condition that you give us prompt notice of the assertion of any claims and full opportunity to conduct the defence thereof, and that you do not settle any such claim(s) without our approval.

This Letter of Indemnity shall be governed by and construed in accordance with Norwegian law and any disputes hereunder that cannot be settled by mutual agreement between the Parties shall be subject to the exclusive jurisdiction of the Norwegian Courts.

Unquote

- c) The Buyer warrants that the consignee is entitled to the Cargo, and undertakes to cause the consignee to surrender the bill of lading to the Vessel's master or agent as soon as possible when they come to hand.
- d) If documents are not available for presentation to the Vessel's master at the Discharge Port, the Seller will instruct the master to discharge the Cargo and the Buyer undertakes to hold the Seller harmless and indemnified against all claims as a result of such documents not being presented.
- e) Should the Vessel or any other vessel or property belonging to the Vessel's owner be arrested as a consequence of the fact that the Cargo has been delivered without presentation of bills of lading under circumstances in which the indemnification set out in (d) of this Paragraph XVI shall apply, the Buyer to provide and pay for the necessary security and to obtain release of the Vessel of any other vessel or property as set out above and cover all legal and additional expenses incurred thereby and Vessel to remain on-hire during possible time lost. If any proceedings are commenced against the Seller with respects to said Cargo as a result of the foregoing, the Buyer shall have a right to instruct first class attorneys to defend the case at Buyer's own costs or alternatively at Buyer's option pay the costs of attorneys appointed by the Seller.

XVII POLLUTION AND ITF REQUIREMENTS

- a) According to the prevailing regulations Cargoes of butane and lighter gases are exempted from the requirements set forth in the provisions XVII b and XVII c below.
- b) The Seller warrants that the Vessel shall be fitted according to the measures and procedures agreed to at the IMO (International Maritime Organisation) conference of Tanker Safety and Pollution Prevention as and when these become effective at the Discharge Port.
- c) The Seller warrants that the Vessel is owned or chartered by a member of The International Tanker Pollution Federation Ltd. (ITOPF).

The Seller shall exercise reasonable efforts to ensure that the Vessel carries on board a certificate of insurance as described in the Civil Liability Convention for oil pollution damage and that the Vessel has in place insurance cover for oil pollution no less in scope and amounts than under the rules of P&I clubs entered into the international group of P&I clubs.

- d) The Seller will see to it that the minimum terms and conditions of employment of the crew of the Vessel will on arrival at Discharge Port be covered by an ITF (International Transport Worker's Federation) agreement or a bona fida trade union agreement on terms equivalent to ITF terms. The Seller shall reimburse any costs, loss or damages incurred by the Buyer, due to the failure to comply with such warranty.

XVIII DISPOSAL

- a) The Buyer shall not under any circumstances dispose of the Product delivered under the Agreement to countries with which the Norwegian Government has decided not to have trade relations. Without diminution of such obligation on the Buyer, the Seller undertakes to inform the Buyer as soon as practicable, of any changes in such laws, regulations, rules or guidelines which become known to the Seller. The Buyer acknowledges that at the date hereof it is informed of all such laws, regulations, rules and guidelines relevant to its undertakings under this Paragraph XVIII.
- b) In the event the Product is disposed of to a third party, the Buyer shall ensure that the end user abides by the restrictions set forth herein and without delay provide the Seller with all relevant information as the Seller may require to such alternative disposal including name of end user and discharge port.
- c) Without prejudice to the foregoing provisions of this Paragraph XVIII, in the event of any failure to comply with such obligations or if the Seller has reasonable ground for believing that such obligations will not be complied with the Seller may at its sole discretion terminate the Agreement forthwith or forthwith suspend delivery under the Agreement until further notice to commence or complete loading hereunder is given by notifying the Buyer either in writing or orally.

XIX TAXES, DUTIES AND CHARGES

- a) The Seller shall be responsible for the payment of any taxes, duties or other charges arising at the Loading Terminal and which arise from the sale and delivery to the Buyer of the Product until the stage when the risk has passed to the Buyer. All other taxes, duties, dues, levies and other charges imposed on the Product or the Vessel payable upon importation at Discharge Port (when not included in the agreed freight rates) shall be for the Buyer's account.
- b) The value added tax (VAT) and excise duty or mineral oil tax (MOT) rules and regulations effective from January 1993 of the European Union (EU) shall apply.

Either Party shall promptly and correctly complete and submit all documents required in connection with the Cargo, and will be considered as responsible for any costs and expenses which may arise from its failure to comply with the EU-regulations.

The provisions as outlined in Appendix 2 shall form part of this Paragraph XIX b).

XX FORCE MAJEURE

- a) Neither the Seller nor the Buyer shall be responsible for any failure to fulfil their respective obligations under the Agreement if fulfilment has been prevented, delayed, hindered or curtailed by:
- i. any circumstances whatsoever which are beyond the reasonable control of the Seller or the Buyer, as the case may be, or
 - ii. compliance with any order, demand or request of any government or of any international, national, port, transportation, local or other authority or agency or of any body or person purporting to be or to act for such authority or agency; or
 - iii. any strike, lockout or labour dispute;

provided always that nothing contained herein shall relieve the Buyer of any of its obligations to make payments due to the Seller under the Agreement by the due dates for payment according to the provisions of Paragraph VI which obligations are absolute.

- b) The Party seeking relief under (a) of this Paragraph XX shall advise the other Party as soon as practicable of the circumstances causing the failure to fulfil its obligations and shall thereafter provide such information as is available regarding the progress and possible cessation of those circumstances.
- i. The performance of obligations under the Agreement shall be resumed as soon as reasonably possible after such circumstances have ceased.
 - ii. The time allowed for the Seller to make, or the Buyer to receive delivery hereunder shall be extended during any period in which delivery shall be delayed or prevented by reason of any of the foregoing causes up to a period of thirty (30) Days.
- c) If any delivery hereunder shall be so delayed or prevented for more than thirty (30) Days, either Party may terminate the Agreement, with respect to such delivery, upon giving written notice.

XXI ICE CLAUSE

- a) In case of ice at the Discharge Port or on the voyage to the Discharge Port, the Vessel shall not force ice, but may follow a path cut by icebreakers, provided the master considers such navigation safe and unharmed to the Vessel. The Buyer shall on its own account place any necessary icebreakers at the Vessel's disposal.

If the Seller agrees to continue on such a voyage, then the Buyer undertakes to reimburse the Seller for:

- i) any extra insurance applicable.
- ii) the cost of any ice damage incurred less any sum which can be recovered under any insurance.
- iii) any charter hire paid by the Seller for the period of repair due to such ice damage, including deviation to repair yard.

- b) In the event that the master deems the Vessel in danger of being frozen in at the Discharge Port, the Seller may, at its sole discretion, order the Vessel to cease discharging and leave the Discharge Port. In such circumstances the Buyer shall, on its own account, place necessary icebreakers at the Vessel's disposal.
- c) In the event that the Discharge Port is inaccessible due to ice, or in the event the master deems the Vessel in danger of being frozen in, the Vessel will proceed to the nearest safe ice-free position and at the same time request revised orders. Immediately upon receipt of such request, the Buyer shall nominate an alternate ice-free and accessible port, where there is no danger of being frozen in and where there are facilities for receiving the Cargo in bulk. In this event, any extra freight, expenses, demurrage and dues incurred as result of such change, shall be paid for by the Buyer.

XXII SUSPENSION AND TERMINATION

- a) The Seller may at its sole discretion, and in addition to any other legal remedies it may have, forthwith upon giving written notice to the Buyer either suspend deliveries under the Agreement or terminate the Agreement if:
 - i. the Buyer for any reason whatsoever fails to make any payment due to the Seller under the Agreement by the due date or otherwise is in substantial breach of its obligations under this Agreement; or
 - ii. the Buyer fails to take delivery of the Product in accordance with the provisions of the Agreement and such failure is not excused by any other provision of the Agreement; or
 - iii. a petition is filed with a court having jurisdiction or an order is made or an effective resolution is passed for the dissolution, liquidation or winding up of the Buyer or its Parent Company; or
 - iv. there is a major change in the direct or indirect ownership of the Buyer; or
 - v. the Buyer or its Parent Company becomes insolvent or is adjudged bankrupt or makes an assignment for the benefit of its creditors or does not pay or is in the Seller's reasonable opinion expected to be unable or unwilling to pay its debts as the same become due; or
 - vi. a receiver is appointed or an encumbrancer takes possession of the whole or a significant part of the assets or undertaking of the Buyer or its Parent Company; or
 - vii. the Buyer or its Parent Company ceases or threatens to cease to carry on its business or a major part thereof, or a distress, execution or other process is levied or enforced or sued out upon or against any significant part of the property of the Buyer or its Parent Company, and is not discharged within fourteen (14) Days.
- b) In the event of the Seller suspending deliveries of the Product in any of the circumstances referred to in (i) - (vii) of this Paragraph XXII, the Seller may so long as the event continues and in addition to any other legal remedies it may have, forthwith upon giving notice to the Buyer terminate the Agreement.
- c) If, pursuant to the provisions of this Paragraph XXII, the Seller withholds, reduces or suspends deliveries of the Product, then the Seller shall be under no obligation to make up any quantity of the Product which would have been delivered to the Buyer without such withholding, reduction or suspension.
- d) Any termination of this Agreement shall be without prejudice to the rights and obligations of each Party as accrued at the date of termination.

XXIII LIABILITY

- a) Except as expressly provided in the Agreement, neither the Seller nor the Buyer shall be liable, for indirect, consequential or special losses or damages of any kind arising out of or in any way connected with the performance of or failure to perform the Agreement. In any event the Seller shall not be liable for more than the difference between the contract price and the market value of the quantity of the Product in respect of which damages are claimed at the date of Completion of Loading.
- b) The Buyer shall hold harmless and indemnify the Seller from and against any action or claim from third parties for loss, damages, injury or death to or of third parties which might be alleged to have been caused by the Product.

XXIV TRADE MARKS

Nothing in the Agreement contained whether express or implied shall be deemed to confer any right upon the Buyer to apply any trade mark owned by the Seller or any of its Affiliates to any Product supplied under the Agreement nor to use such trademarks in relation to such Products.

XXV ASSIGNMENT

Neither Party shall assign any of its rights and obligations under this Agreement, in whole or in part, without the prior written consent of the other Party. The assigning Party shall remain jointly and severally liable for the full performance by the assignee(s) or any subsequent assignee(s) of its/their obligations with regard to this Agreement. Any assignment not made in accordance with the terms in this Paragraph XXV shall be void.

XXVI APPLICABLE LAW, LITIGATION AND ARBITRATION

- a) The Agreement shall be governed by and construed in accordance with the laws of Norway.
- b) Except as provided for in (c) below, the Parties hereto accept Stavanger City Court as the proper legal venue for the settlement of any controversy or dispute that may arise in connection with, or as a result of, the Agreement which the Parties are unable to resolve by mutual agreement.
- c) Any controversy or dispute that may arise in connection with or as a result of Paragraph XII and XIII, where the amount in dispute does not exceed a sum of USD one hundred thousand (100,000) or any other controversy or dispute that may arise in connection with or as a result of the Agreement, where the amount in dispute does not exceed a sum of USD twenty-five thousand (25,000) which the Parties are unable to resolve by mutual agreement, shall be referred to and finally resolved by arbitration in Oslo conducted by one (1) arbitrator in accordance with the rules for Alternative Dispute Resolution Chapter III, Fast Track Arbitration, of the Oslo Chamber of Commerce.

The arbitration proceedings shall be conducted in the English language.

Any arbitral award shall be enforceable in accordance with the rules of the New York convention of 1958 on the recognition and enforcement of foreign arbitral awards. Judgement upon the awards rendered may be entered in any court or other authority having jurisdiction or application may be made to said courts or other authority for a judicial acceptance of the award and an order of enforcement, as the case may be.

XXVII GENERAL PROVISIONS

- a) The failure of one Party at any time to require performance by the other Party of any provision hereof shall in no way affect the right of a Party to require any performance which may be due thereafter pursuant to such provision. Nor shall the waiver by the Seller or the Buyer of any breach of any provision of this Agreement be taken or held to be a waiver of any subsequent breach of such provision.
- b) This Agreement and all information obtained by one Party from the other Party shall be treated as confidential.
- c) The headings appearing in the Agreement are for convenience only.
- d) Any modification of and addition to this Agreement shall be made in writing.
- e) The provisions of Part 1 of the Agreement shall prevail over the provisions of Part 2 of the Agreement to the extent there is any inconsistency.

XXVIII NOTICES

Unless otherwise agreed in writing, any notices, statements, requests or other communications to be given to either Party pursuant to the Agreement shall be sufficiently made if sent by post (by airmail if airmail is possible) postage paid, or by telegraph, telex or facsimile transmission or by courier to the address of the other Party specified for this purpose in the Agreement and shall, unless otherwise provided herein, be deemed to have been given on the Day on which such communication ought to have been received in due course of postal, telegraphic, telex or facsimile transmission.

APPENDIX 1

Format of Irrevocable Stand-By Letter of Credit as required pursuant to Paragraph VI of the Agreement;

Quote

Stand-By Letter of Credit

At request of (hereinafter referred to as Buyer), we,
..... hereby open our irrevocable stand-by letter of credit
no..... in favour of Statoil, Den norske stats oljeselskap a.s, N-4035 Stavanger, Norway
(hereinafter referred to as the Seller) covering the purchase of

We hereby irrevocably and unconditionally undertake to make payment of up to in
favour of the Seller's account no. 15013832 with Chase Manhattan Bank, London, upon the Seller's
first written request and presentation of the following documentation:

- A) A copy of the Seller's commercial invoice evidencing the quantity of product purchased by the Buyer.
- B) The Seller's signed statement stating that payment of the above mentioned invoice is due and that payment has not been made by the Buyer.

This stand-by letter of credit shall be valid also in the event that the quantity and/or invoiced amount exceed(s) or is/are less than the quantity and/or amount stated herein.

We hereby agree that request for payment in accordance with the terms stipulated herein will be duly honoured upon presentation of the documentation as set out in A) and B) above if presented to our on or before after which date this stand-by letter of credit becomes null and void.

Partial drawings are allowed.

In addition to any payment made according to the above section A) we will honour claims for interest at the rate of three (3) months British Bankers Association (BBA) interest settlement rates (BBAISR) for United States Dollars as published on the due date plus three (3) percentage points calculated from due date according to invoice to actual date of payment to beneficiary.

All related banking charges and commissions whether of the Buyer or the Seller shall be for the account of the Buyer.

This stand-by letter of credit is subject to the Uniform Customs and Practice for documentary credit (UCP 500 1993 Revision, International Chamber of Commerce, Paris).

This telex is the instrument of utilisation. No mail confirmation follows.

Unquote

APPENDIX 2

Supplement for Value Added Tax (VAT) and Excise Duty or Mineral Oil Tax (MOT)

The provisions below shall apply only where the Loading Terminal or Discharge Port is located within the European Union (EU).

- 2.1. Where VAT or similar tax becomes payable under the rules applicable at the Loading Terminal or Discharge Port, the Seller shall issue an invoice setting out such VAT and the date for its payment. Payment for such VAT shall be made to the Seller in addition to the price for the Product and in the same manner as provided for the price of the Product.
- 2.1.1 A sale of Product may be zero rated for VAT provided that:
 - (a) if the destination of the product is within the EU, the Buyer provides to the Seller within thirty (30) Days of the date of Completion of Loading evidence satisfactory to the EU states in which the Loading Terminal and Discharge Port are located that the Product has been received by the Buyer, or some other Party acting on its behalf, within another EU state, or such other evidence as is satisfactory to the relevant authorities in the above EU states to allow zero rating of the supply of the Product; and
 - (b) before transfer of property in the Product to the Buyer, a valid VAT registration number issued by an EU state other than the EU state in which the Loading Terminal is situated, and evidence satisfactory to the EU states in which the Loading Terminal and Discharge Port are located that the transport arrangements for the product qualify for zero rating; or
 - (c) if the destination of the Product is outside the EU, the Buyer shall provide to the Seller, within thirty (30) Days of Completion of Loading of the Product, evidence satisfactory to the EU state in which the Loading Terminal is located, of receipt of the Product by the Buyer, or some other party acting on its behalf, at a destination outside the EU.
- 2.1.2 In circumstances where either sub-provisions 2.1.1. (a), (b) or (c) above may apply, the Seller will issue an invoice in respect of the Product which is zero rated for VAT. However, if the Buyer fails to comply with the requirements set out in sub-provisions referred to above within the allotted time frame or in the event of any fraud or misappropriation in respect of the Product and/or the document/information referred to above, the Seller shall be entitled to issue a further invoice for the amount of any VAT payable on the Product (inclusive of excise duty if appropriate) together with interest at the rate stipulated under the VAT rules applicable. Such invoice may be rendered either in local currency of the country in which VAT is payable or, at the Seller's option, in the invoicing currency for the Product. Any such invoices shall be paid in accordance with the Paragraph VI of this Agreement.
- 2.1.3 The Buyer shall indemnify the Seller in respect of any costs, penalties and interest incurred by the Seller as a result of the Buyer's failure to pay, or delay in paying, any VAT in accordance with the Agreement.
- 2.1.4 If the Seller is subsequently able to obtain a credit or repayment from the authorities of any such VAT which has been paid by the Buyer, the Seller shall within five (5) banking Days in London reimburse the Buyer with the net amount so credited or repaid less any costs, penalties and interest and the Seller shall use all reasonable efforts, at the cost of the Buyer, to obtain such credit or repayment.
- 2.2 Excise Duty or Mineral Oil Tax (MOT)

- 2.2.1 Excise Duty or Mineral Oil Tax may be payable in respect of the Product on its leaving bonded premises at the Loading Terminal unless;**
- (i) by the fifteenth (15th) Day of the Month following the Month in which loading of the Product hereunder from bonded premises is completed with an Accompanying Administrative Document (AAD), a properly completed copy 3 thereof, together with proof of discharge of the shipment, is returned to the Seller; or**
 - (ii) the Buyer has provided to the Seller evidence satisfactory to the EU state where the Product was taken out of bonded premises, that the Product was delivered to a non-EU state either duty paid or into bonded premises; or**
 - (iii) the Buyer can provide evidence satisfactory to the EU state where the Product was taken out of bonded premises without an AAD as a result of the Buyer's nomination, that the Product was delivered into bonded premises within the EU in circumstances where such deliveries allow for suppression of Mineral Oil Tax.**
- 2.2.2 If none of the exceptions set out in sub-provisions 2.2.1.(i) to 2.2.1. (iii) above are complied with, or in the event of any fraud or misappropriation in respect of the Product and/or the documents referred to in sub-provisions 2.2.1. (i) to 2.2.1. (iii) above, the Buyer shall indemnify, and hold indemnified, the Seller against all liability in respect of Excise Duty and Mineral Oil Tax incurred by the Seller and/or reimbursements of amounts equivalent to such Duty or Tax by the Seller directly or indirectly to its supplier or the owner of the bonded premises from which the Product was despatched, including any interest, penalties and costs in respect thereof. In addition, notwithstanding compliance with sub-provisions 2.2.1 (i) to 2.2.1. (iii) above, the Buyer shall remain liable under the above indemnity for any Excise Duty or Mineral Oil Tax claimed by any relevant EU state in respect of discrepancies between the loaded in discharged quantities.**
- 2.2.3 For the purpose of this Paragraph, "evidence satisfactory" to an EU state shall, as a minimum, require a certificate of discharge of the Product.**